

Amendments to Senate Bill No. 152  
3rd Reading Copy

Requested by Representative Bill Glaser

For the House Education Committee

Prepared by Greg Petesch  
March 9, 2007 (3:33pm)

1. Title, line 7 through line 18.

**Following:** "PERSONNEL;" on line 7

**Strike:** remainder of line 7 through line 18 in its entirety

2. Title, lines 19 and 20.

**Following:** "SCHOOLS;" on line 19

**Strike:** remainder of line 19 through "PROGRAM;" on line 20

**Insert:** "REPLACING THE QUALITY EDUCATOR PAYMENT WITH A  
PER-CLASSROOM PAYMENT; PROVIDING A DROPOUT PREVENTION  
PAYMENT; INCREASING DIRECT STATE AID; REVISING THE  
DEFINITION OF "BASE BUDGET"; ELIMINATING THE BASE BUDGET  
LEVY; ELIMINATING GUARANTEED TAX BASE AID FOR THE BASE  
BUDGET; REVISING THE FUNDING FOR THE OVER-BASE BUDGET;  
ELIMINATING SCHOOL DISTRICT BLOCK GRANTS; REVISING THE  
CALCULATION OF ANB; PROVIDING INFLATIONARY INCREASES TO  
SCHOOL DISTRICTS; PROVIDING AN APPROPRIATION FOR AT-RISK  
PAYMENTS;"

**Strike:** "17-6-340, 20-1-301, 20-3-205, 20-6-104, 20-7-117,"

**Insert:** "20-3-106, 20-3-324, 20-6-702, 20-7-102, 20-9-104,  
20-9-141,"

3. Title, line 21.

**Strike:** "20-9-313, 20-9-314, 20-9-327, 20-26-602, AND 20-26-603,"

**Insert:** " 20-9-344, 20-9-351, 20-9-366, 20-9-367, 20-9-368,  
20-9-369, 20-9-515, AND 20-10-144,"

4. Title, line 22.

**Strike:** "20-26-611, 20-26-612, AND 20-26-613,"

**Insert:** "20-9-327 AND 20-9-630,"

**Following:** "PROVIDING"

**Insert:** "AN"

**Strike:** "DATES"

**Insert:** "DATE"

5. Page 4, line 1 through page 9, line 21.

**Strike:** sections 7 through 13 in their entirety

**Insert:** "NEW SECTION. Section 7. Per-classroom payment. (1)  
The state shall provide a per-classroom payment to public school  
districts as defined in 20-6-101 and 20-6-701. The per-classroom

payment is \$8,500 for each school fiscal year.

(2) The number of classrooms for each school district is calculated based on the maximum number of students that may be in each classroom according to the accreditation standards and is adjusted as provided in subsection (4). The student-teacher ratio for a classroom is based upon the size category for an elementary school district or a high school district as described in subsection (3).

(3) (a) The size of an elementary school district is the larger of the current year ANB or the average 3-year ANB calculated as provided in 20-9-311. The size categories are as follows:

(i) "E6" means an elementary school district or a K-12 elementary program with less than 41 ANB;

(ii) "E5" means an elementary school district or a K-12 elementary program with at least 41 ANB, but not more than 150 ANB;

(iii) "E4" means an elementary school district or a K-12 elementary program with at least 151 ANB, but not more than 400 ANB;

(iv) "E3" means an elementary school district or a K-12 elementary program with at least 401 ANB, but not more than 850 ANB;

(v) "E2" means an elementary school district or a K-12 elementary program with at least 851 ANB, but not more than 2,500 ANB;

(vi) "E1" means an elementary school district or a K-12 elementary program with more than 2,500 ANB.

(b) The size of a high school district or a K-12 high school program is the larger of the current year ANB or the average 3-year ANB calculated as provided in 20-9-311. The size categories are as follows:

(i) "H5" means a high school district or a K-12 high school program with less than 75 ANB;

(ii) "H4" means a high school district or a K-12 high school program with at least 75 ANB, but not more than 200 ANB;

(iii) "H3" means a high school district or a K-12 high school program with at least 201 ANB, but not more than 400 ANB;

(iv) "H2" means a high school district or a K-12 high school program with at least 401 ANB, but not more than 1,250 ANB;

(v) "H1" means a high school district or a K-12 high school program with more than 1,250 ANB.

(4) (a) Subject to subsection (4) (b), the student-teacher ratios used to determine the number of classrooms for the per-classroom payment are based on the size categories in subsection (3) and are as follows:

(i) E6, 8.6 students per teacher;

(ii) E5, 13.5 students per teacher;

(iii) E4, 15.4 students per teacher;

(iv) E3, 16.6 students per teacher;

- (v) E2, 17.9 students per teacher;
- (vi) E1, 19 students per teacher;
- (vii) H5, 8.5 students per teacher;
- (viii) H4, 14.4 students per teacher;
- (ix) H3, 16.6 students per teacher;
- (x) H2, 17.7 students per teacher; and
- (xi) H1, 19 students per teacher.

(b) Each elementary district must have a minimum of 1 classroom and each high school district must have a minimum of 5 classrooms."

**Insert: "NEW SECTION. Section 8. Dropout prevention payment.**

The state shall provide a dropout prevention payment to public school districts, as defined in 20-6-101 and 20-6-701, for each ANB in the school district. The dropout prevention payment is the greater of \$65 for each ANB, determined as provided in 20-9-311, or \$1,000 for each school district for each school fiscal year."

**Insert: "Section 9. Section 20-3-106, MCA, is amended to read:**

**"20-3-106. Supervision of schools -- powers and duties.** The superintendent of public instruction has the general supervision of the public schools and districts of the state and shall perform the following duties or acts in implementing and enforcing the provisions of this title:

(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;

(2) issue, renew, or deny teacher certification and emergency authorizations of employment;

(3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of 20-5-314;

(4) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

(5) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

(6) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(7) establish a system of communication for calculating joint district revenue in accordance with the provisions of 20-9-151;

(8) approve or disapprove the adoption of a district's budget amendment resolution under the conditions prescribed in 20-9-163 and adopt rules for an application for additional direct state aid for a budget amendment in accordance with the approval and disbursement provisions of 20-9-166;

(9) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(10) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in

accordance with the provisions of 20-9-213(6) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(11) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

(12) distribute BASE aid and special education allowable cost payments in support of the BASE funding program in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, and 20-9-347, ~~and 20-9-366 through 20-9-369~~;

(13) provide for the uniform and equal provision of transportation by performing the duties prescribed by the provisions of 20-10-112;

(14) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;

(15) authorize the use of federal money for the support of an interlocal cooperative agreement in accordance with the provisions of 20-9-703 and 20-9-704;

(16) prescribe the form and contents of and approve or disapprove interstate contracts in accordance with the provisions of 20-9-705;

(17) recommend standards of accreditation for all schools to the board of public education and evaluate compliance with the standards and recommend accreditation status of every school to the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

(18) collect and maintain a file of curriculum guides and assist schools with instructional programs in accordance with the provisions of 20-7-113 and 20-7-114;

(19) establish and maintain a library of visual, aural, and other educational media in accordance with the provisions of 20-7-201;

(20) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance with the provisions of the textbooks part of this title;

(21) as the governing agent and executive officer of the state of Montana for K-12 career and vocational/technical education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

(22) supervise and coordinate the conduct of special education in the state in accordance with the provisions of 20-7-403;

(23) administer the traffic education program in accordance with the provisions of 20-7-502;

(24) administer the school food services program in accordance with the provisions of 20-10-201 through 20-10-203;

(25) review school building plans and specifications in accordance with the provisions of 20-6-622;

(26) provide schools with information and technical

assistance for compliance with the student assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment for the board of public education and the legislature;

(27) upon request and in compliance with confidentiality requirements of state and federal law, disclose to interested parties all school district student assessment data for a test required by the board of public education;

(28) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through 20-9-369; and

(29) perform any other duty prescribed from time to time by this title, any other act of the legislature, or the policies of the board of public education."

{Internal References to 20-3-106: None.}"

**Insert: "Section 10.** Section 20-3-324, MCA, is amended to read:

**"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other principal as the board considers necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions and govern the pupils of the district in accordance with the provisions of the pupils chapter of this title;

(4) call, conduct, and certify the elections of the district in accordance with the provisions of the school elections chapter of this title;

(5) participate in the teachers' retirement system of the state of Montana in accordance with the provisions of the teachers' retirement system chapter of Title 19;

(6) participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

(7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the provisions of the school organization part of this title;

(8) adopt and administer the annual budget or a budget amendment of the district in accordance with the provisions of the school budget system part of this title;

(9) conduct the fiscal business of the district in accordance with the provisions of the school financial administration part of this title;

(10) subject to 15-10-420, establish the ANB, ~~BASE~~-budget

levy, over-BASE budget levy, additional levy, operating reserve, and state impact aid amounts for the general fund of the district in accordance with the provisions of the general fund part of this title;

(11) establish, maintain, budget, and finance the transportation program of the district in accordance with the provisions of the transportation parts of this title;

(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions of the bonds parts of this title;

(13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund, building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous programs fund, building fund, lease or rental agreement fund, traffic education fund, impact aid fund, interlocal cooperative agreement fund, and other funds as authorized by the state superintendent of public instruction in accordance with the provisions of the other school funds parts of this title;

(14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in accordance with the provisions of the miscellaneous financial parts of this title;

(15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with the provisions of the school sites and facilities part of this title;

(16) operate the schools of the district in accordance with the provisions of the school calendar part of this title;

(17) set the length of the school term, school day, and school week in accordance with 20-1-302;

(18) establish and maintain the instructional services of the schools of the district in accordance with the provisions of the instructional services, textbooks, K-12 career and vocational/technical education, and special education parts of this title;

(19) establish and maintain the school food services of the district in accordance with the provisions of the school food services parts of this title;

(20) make reports from time to time as the county superintendent, superintendent of public instruction, and board of public education may require;

(21) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions of the school or the general health conditions of each pupil and, upon request, make available to any parent or guardian any medical reports or health records maintained by the district pertaining to the child;

(22) for each member of the trustees, visit each school of the district not less than once each school fiscal year to examine its management, conditions, and needs, except trustees from a first-class school district may share the responsibility

for visiting each school in the district;

(23) procure and display outside daily in suitable weather on school days at each school of the district an American flag that measures not less than 4 feet by 6 feet;

(24) provide that an American flag that measures approximately 12 inches by 18 inches be prominently displayed in each classroom in each school of the district, except in a classroom in which the flag may get soiled. This requirement is waived if the flags are not provided by a local civic group.

(25) adopt and administer a district policy on assessment for placement of any child who enrolls in a school of the district from a nonpublic school that is not accredited, as required in 20-5-110;

(26) upon request and in compliance with confidentiality requirements of state and federal law, disclose to interested parties school district student assessment data for any test required by the board of public education;

(27) consider and may enter into an interlocal agreement with a postsecondary institution, as defined in 20-9-706, that authorizes 11th and 12th grade students to obtain credits through classes available only at a postsecondary institution;

(28) approve or disapprove the conduct of school on a Saturday in accordance with the provisions of 20-1-303;

(29) consider and, if advisable for a high school or K-12 district, establish a student financial institution, as defined in 32-1-115; and

(30) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public instruction."

{ Internal References to 20-3-324:

20-3-362} "

**Insert: "Section 11. Section 20-6-702, MCA, is amended to read:**

**"20-6-702. Funding for K-12 school districts. (1)**

Notwithstanding the provisions of subsections (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for high school districts.

(2) The number of elected trustees of the K-12 school district must be based on the classification of the attached elementary district under the provisions of 20-3-341 and 20-3-351.

(3) Calculations for the following must be made separately for the elementary school program and the high school program of a K-12 school district:

(a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in accordance with the provisions of 20-9-311; and

(b) the basic county tax for elementary equalization and revenue for the elementary BASE funding program for the district must be determined in accordance with the provisions of 20-9-331,

and the basic county tax for high school equalization and revenue for the high school BASE funding program for the district must be determined in accordance with 20-9-333; and

~~— (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding program amounts for elementary school programs to the BASE funding program amounts for high school programs.~~

(4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school district must be calculated and funded as a high school district retirement obligation under the provisions of 20-9-501.

(5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs of the district.

(6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual expenditures used for calculations in 20-5-323 must be based on an amount prorated between the elementary and high school programs in the appropriate funds of each district in the year prior to the attachment of the districts."

{ Internal References to 20-6-702:

20-6-101\* }

**Insert: "Section 12.** Section 20-7-102, MCA, is amended to read:

**"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school operates must be reviewed by the superintendent of public instruction to determine compliance with the standards of accreditation. The accreditation status of each school must then be established by the board of public education upon the recommendation of the superintendent of public instruction. Notification of the accreditation status for the applicable school year or years must be given to each district by the superintendent of public instruction.

(2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

(3) A nonpublic school may, through its governing body, request that the board of public education accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

(4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school district or K-12



district elementary program whose 7th and 8th grades are funded as provided in ~~20-9-306(14)(c)(ii)~~ 20-9-306(16)(c)(ii)."

{ Internal References to 20-7-102:

15-70-356

20-2-121

20-3-106

20-6-501

20-6-501

20-26-603} "

**Insert: "Section 13.** Section 20-9-104, MCA, is amended to read:

**"20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections (5) and (6), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year.

(2) The amount held as operating reserve may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts.

(3) Excess reserves as provided in subsection (5) may be appropriated to reduce ~~the BASE budget levy~~, the over-BASE budget levy, or the additional levy provided by 20-9-353.

(4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b).

(5) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than the unused balance of any amount:

(a) received in settlement of tax payments protested in a prior school fiscal year;

(b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of revenue or its agents; or

(c) received in delinquent taxes from a prior school fiscal year.

(6) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is \$10,000 or less."

{ Internal References to 20-9-104:

20-9-141} "

**"Section 14.** Section 20-9-141, MCA, is amended to read:

**"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

~~(i) the district's nonisolated school BASE budget~~

~~requirement to be met by a district levy as provided in 20-9-303, and~~

~~(ii) determining any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.~~

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(B) any other revenue received during the school fiscal year that may be used to finance the general fund, ~~excluding any guaranteed tax base aid;~~

(iii) anticipated oil and natural gas production taxes; and

(iv) pursuant to subsection ~~(4)~~ (3), anticipated revenue from coal gross proceeds under 15-23-703; ~~and~~

~~(v) school district block grants distributed under 20-9-630.~~

(c) ~~Notwithstanding the provisions of subsection (2), subtract~~ Subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, ~~up to the BASE budget amount, to determine the general fund BASE budget levy requirement.~~

(d) Determine the sum of any amount remaining after the determination in subsection (1)(c) and any tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2).

(e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

~~(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:~~

~~(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction, and~~

~~(b) the current total taxable valuation of the district, as~~

~~certified by the department of revenue under 15-10-202, divided by 1,000.~~

~~(3)~~(2) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

~~(4)~~(3) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

{ Internal References to 20-9-141:

20-9-104	20-9-104	20-9-235	20-9-308
20-9-308	20-9-308	20-9-308	20-9-353
20-9-353	20-9-515		

**Renumber:** subsequent sections

6. Page 9, line 28.

**Strike:** "44.7%" in 2 places

**Insert:** "80%" in both places

7. Page 9, line 30 through page 10, line 2.

**Strike:** subsection (b) in its entirety

**Renumber:** subsequent subsections

8. Page 10, line 3.

**Strike:** "quality educator"

**Insert:** "per-classroom"

9. Page 10, line 5.

**Strike:** "and"

10. Page 10, line 6.

**Following:** "payment"

**Insert:** ";

(f) the total dropout prevention payment; and

(g) the total gifted and talented per-student payment"

11. Page 10, line 8.

**Strike:** "quality educator"

**Insert:** "per-classroom"

12. Page 10, line 10.

**Following:** "gap payment,"

**Insert:** "100% of the total dropout prevention payment, "

**Strike:** "140%"

**Insert:** "100%"

13. Page 10, line 11 through line 13.

**Strike:** subsection (4) in its entirety

**Renumber:** subsequent sections

14. Page 11, line 7.

**Strike:** "44.7%" in 2 places

**Insert:** "80%" in both places

15. Page 11, line 10.

**Strike:** "quality educator"

**Insert:** "per-classroom"

16. Page 11, line 12.

**Following:** "gap payment,"

**Insert:** "the total dropout prevention payment,"

17. Page 11, line 23.

**Following:** line 22

**Insert:** "(12) "Total dropout prevention payment" means the payment calculated as provided in [section 8]."

**Renumber:** subsequent subsections

18. Page 12, line 16 through line 17.

**Strike:** subsection (15) in its entirety

**Insert:** "(15) "Total per-classroom payment" means the payment calculated as provided in [section 7]."

19. Page 12, line 26.

**Following:** "proposition"

**Insert:** "for any necessary levy"

20. Page 13, line 11.

**Strike:** "(b) "

21. Page 13, line 14 through line 19.

**Following:** "2005-" on line 14

**Strike:** remainder of line 14 through line 19 in its entirety

**Renumber:** subsequent subsection

22. Page 13, lines 24 and 25.

**Following:** "20-9-343" on line 24

**Strike:** remainder of line 24 through "20-9-369" on line 25

23. Page 13, line 26.

**Following:** "20-9-333;"

**Insert:** "and"

24. Page 13, lines 27 and 28.

**Strike:** subsection (c) in its entirety

**Renumber:** subsequent subsections

25. Page 13, line 29.

**Strike:** " ; "

**Insert:** " . "

26. Page 13, line 30 through page 14, line 1.

**Strike:** subsections (e) and (f) in their entirety

27. Page 14, line 11.

**Following:** "proposition"

**Insert:** "for any necessary levy"

28. Page 15, lines 8 through 12.

**Strike:** subsection (b) in its entirety

**Renumber:** subsequent subsection

29. Page 15, lines 17 and 18.

**Following:** "20-9-343" on line 17

**Strike:** remainder of line 17 through "20-9-369" on line 18

30. Page 15, line 19.

**Following:** "20-9-333;"

**Insert:** "and"

31. Page 15, lines 20 and 21.

**Strike:** subsection (c) in its entirety

**Renumber:** subsequent subsections

32. Page 15, line 22.

**Strike:** " ; "

**Insert:** " . "

33. Page 15, lines 23 and 24.

**Strike:** subsections (e) and (f) in their entirety

34. Page 16, line 11.

**Strike:** "For"

**Insert:** "Except as provided in subsection (5), for"

35. Page 16, line 13.

**Strike:** "181"

**Insert:** "180"

36. Page 16, line 24.

**Strike:** "kindergarten"

**Insert:** "grade 1"

37. Page 16, lines 28 through 30.

**Following:** "purposes" on line 28

**Strike:** remainder of line 28 through "year" on line 30

**Insert:** "In calculating the ANB for pupils enrolled in a program established under 20-7-117(1), enrollment in a program that provides 360 or more aggregate hours of pupil instruction per school year must be counted as one-half pupil for ANB purposes"

38. Page 19, line 15.

**Strike:** "technology delivered"

**Insert:** "technology-delivered"

39. Page 20, line 17.

**Strike:** "For"

**Insert:** "Except as provided in subsection (5), for"

40. Page 20, line 19.

**Strike:** "181"

**Insert:** "180"

41. Page 20, line 30.

**Strike:** "kindergarten"

**Insert:** "grade 1"

42. Page 21, lines 4 through 6.

**Following:** "purposes" on line 4

**Strike:** remainder of line 4 through "year" on line 6

**Insert:** "In calculating the ANB for pupils enrolled in a program established under 20-7-117(1), enrollment in a program that provides 360 or more aggregate hours of pupil instruction per school year must be counted as one-half pupil for ANB purposes"

43. Page 23, line 21.

**Strike:** "technology delivered"

**Insert:** "technology-delivered"

44. Page 24, line 11 through page 33, line 8.

**Strike:** sections 17 through 24 in their entirety

**Insert:** "Section 18. Section 20-9-344, MCA, is amended to read:

"20-9-344. Duties of board of public education for distribution of BASE aid. (1) The board of public education shall administer and distribute the BASE aid and state advances for county equalization in the manner and with the powers and duties provided by law. The board of public education:

(a) shall adopt policies for regulating the distribution of BASE aid and state advances for county equalization in accordance with the provisions of law;

(b) may require reports from the county superintendents, county treasurers, and trustees that it considers necessary; and

(c) shall order the superintendent of public instruction to

distribute the BASE aid on the basis of each district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution to any district on account of any difference that may occur during the school fiscal year between budgeted and actual receipts from any other source of school revenue.

(2) The board of public education may order the superintendent of public instruction to withhold distribution of BASE aid from a district when the district fails to:

(a) submit reports or budgets as required by law or rules adopted by the board of public education; or

(b) maintain accredited status.

(3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or county equalization money, the district is entitled to a contested case hearing before the board of public education, as provided under the Montana Administrative Procedure Act.

(4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed by the superintendent of public instruction.

(5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the following schedule:

(a) from August to October of the school fiscal year, to each district 10% of:

(i) direct state aid;

(ii) the total ~~quality educator~~ per-classroom payment;

(iii) the total at-risk student payment;

(iv) the total Indian education for all payment; and

(v) the total American Indian achievement gap payment; and

(vi) the total dropout prevention payment;

(b) from December to April of the school fiscal year, to each district 10% of:

(i) direct state aid;

(ii) the total ~~quality educator~~ per-classroom payment;

(iii) the total at-risk student payment;

(iv) the total Indian education for all payment; and

(v) the total American Indian achievement gap payment; and

(vi) the total dropout prevention payment;

(c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each district or county that has submitted a final budget to the superintendent of public instruction in accordance with the provisions of 20-9-134;

(d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district or county; and

(e) in June of the school fiscal year, the remaining payment to each district of direct state aid, the total quality educator per-classroom payment, the total at-risk student

payment, the total Indian education for all payment, and the total American Indian achievement gap payment, and the total dropout prevention payment.

(6) The distribution provided for in subsection (5) must occur by the last working day of each month."

{ Internal References to 20-9-344:

20-2-121      20-9-314      20-9-314      20-9-347  
20-9-347      20-9-347      20-9-368}"

**Insert: "Section 19.** Section 20-9-351, MCA, is amended to read:

**"20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result of a reduction in spending under 17-7-140 and is not sufficient to provide the ~~guaranteed tax base aid required under 20-9-366 through 20-9-369~~ and BASE aid support determined under 20-9-347, the superintendent of public instruction shall request the budget director to submit a request for a supplemental appropriation in the second year of the biennium that is sufficient to complete the funding of BASE aid for the elementary and high school districts for the current biennium."

{ Internal References to 20-9-351:

17-7-301}"

**Insert: "Section 20.** Section 20-9-366, MCA, is amended to read:

**"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

(1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts.

(2) ~~(a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an eligible district means the taxable valuation in the previous year of all property in the district divided by the sum of the district's current year BASE budget amount less direct state aid and the state special education allowable cost payment.~~

~~——(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's current year total per-ANB entitlement amount.~~

(3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts' current



year total per-ANB entitlement amounts.

(4) ~~(a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 175% and divided by the total sum of either the state elementary school districts' or the high school districts' current year BASE budget amounts less total direct state aid.~~

~~——(b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts."~~

{ Internal References to 20-9-366:

20-3-106*	20-3-106*	20-6-702	20-9-306*
20-9-308*	20-9-308*	20-9-346*	20-9-346*
20-9-351*	20-9-366*	20-9-369*	20-9-406* }

Insert: "Section 21. Section 20-9-367, MCA, is amended to read:

~~"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities. (1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.~~

~~(2)(1) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.~~

~~(3)(2) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund."~~

{ Internal References to 20-9-367:

20-3-106*	20-3-106*	20-9-306*	20-9-308*
20-9-308*	20-9-346*	20-9-346*	20-9-351*
20-9-366*	20-9-369* }		

Insert: "Section 22. Section 20-9-368, MCA, is amended to read:

**"20-9-368. Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

~~(3) The amount of guaranteed tax base aid that a district may receive in support of up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:~~

~~(a) multiply the sum of the district's BASE budget amount less direct state aid by the corresponding statewide guaranteed tax base ratio;~~

~~(b) subtract the taxable valuation of the district from the product obtained in subsection (3) (a); and~~

~~(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.~~

~~(4)~~ (3) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

{ Internal References to 20-9-368:

20-3-106*	20-3-106*	20-9-306*	20-9-308*
20-9-308*	20-9-346*	20-9-346*	20-9-351*
20-9-366*	20-9-369*		

Insert: "Section 23. Section 20-9-369, MCA, is amended to read:

**"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

~~(a) providing each school district and county superintendent, by March 1 of each year, with the preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid available for the ensuing school fiscal year;~~

~~(b)~~ (a) providing each school district and county superintendent, by March 1 of each year, with the preliminary

statewide, county, and district mill values per ANB and, by May 1 of each year, with the final statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid and state advance and reimbursement for school facilities available to counties and districts for the ensuing school fiscal year;

~~(c)~~(b) requiring each county and district that qualifies and applies for guaranteed tax base aid to report to the county superintendent all budget and accounting information required to administer the guaranteed tax base aid;

~~(d)~~(c) keeping a record of the complete data concerning appropriations available for guaranteed tax base aid and the entitlements for the aid of the counties and districts that qualify;

~~(e)~~(d) distributing the guaranteed tax base aid entitlement to each qualified county or district from the appropriations for that purpose.

(2) The superintendent shall adopt rules necessary to implement 20-9-366 through 20-9-369.

(3) The department of revenue shall provide the superintendent of public instruction by December 1 of each year a final determination of the taxable value of property within each school district and county of the state reported to the department of revenue based on information delivered to the county clerk and recorder as required in 15-10-305.

(4) The superintendent of public instruction shall calculate the district and statewide ~~guaranteed tax base ratios by applying the prior year's direct state aid payment~~ mill values for guaranteed tax base purposes."

{Internal References to 20-9-369:

20-3-106	20-3-106	20-9-306	20-9-308
20-9-308	20-9-346*	20-9-346	20-9-351
20-9-366*	20-9-369}		

**Insert: "Section 24.** Section 20-9-515, MCA, is amended to read:

**"20-9-515. Litigation reserve fund.** (1) The trustees of a school district may establish a litigation reserve fund only when litigation that is pending against the district could result in an award against the district.

(2) At the end of each school fiscal year, the trustees of a district may transfer money from the general fund, within the adopted budget, to establish the fund.

(3) Upon conclusion of litigation, the balance of the money in the fund reverts to the general fund and must be used to reduce the district's general fund ~~BASE~~ over-BASE budget levy requirement computed pursuant to 20-9-141."

{Internal References to 20-9-515: None.}"

**Insert: "Section 25.** Section 20-10-144, MCA, is amended to read:

**"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget.** Before the second Monday of August, the county superintendent shall compute the revenue available to finance the transportation fund budget

of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county revenue to be budgeted on the following basis:

(i) one-half is the budgeted state transportation reimbursement; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of fund balance for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and fund balance reappropriated must be used to reduce the county financing obligation in subsection

(2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint

district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

(e) anticipated revenue from coal gross proceeds under 15-23-703;

(f) anticipated oil and natural gas production taxes;

(g) anticipated local government severance tax payments for calendar year 1995 production;

(h) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

~~(i) school district block grants distributed under 20-9-630;~~

~~(j)~~ (i) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

~~(k)~~ (j) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4) (a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142."

{Internal References to 20-10-144:  
20-10-146}"

**Insert:** "NEW SECTION. **Section 26. Appropriation.** There is appropriated \$4.5 million for each fiscal year of the biennium beginning July 1, 2007, from the state general fund to the office of public instruction to be used for at-risk student payments as provided for in 20-9-328."

**Renumber:** subsequent sections

45. Page 33, line 10.

**Strike:** "20-26-611, 20-26-612, and 20-26-613,"

**Insert:** "20-9-327 and 20-9-630,"

46. Page 33, line 16 through line 21.

**Strike:** subsections (2) through (4) in their entirety

**Insert:** "(2) [Sections 7 and 8] are intended to be codified as an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [sections 7 and 8]."

47. Page 33, lines 23 through 25.

**Strike:** "dates" on line 23

**Insert:** "date"

**Following:** "dates." on line 23

**Strike:** remainder of line 23 through "are" on line 25

**Insert:** "[This act] is"

- END -